



Texas Department of Health

William R. Archer III, M.D.
Commissioner of Health

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Charles E. Bell, M.D.
Executive Deputy Commissioner

February 25, 2000

Mr. Charles D. Morgan, Chief Financial Officer
San Jacinto Methodist Hospital
4301 Garth Road, Suite 400
Baytown, Texas 77521

Dear Mr. Morgan:

We have completed our review of the audit report on San Jacinto Methodist Hospital for the year ended December 31, 1998. The report was prepared by Ernst & Young, LLP, Certified Public Accountants. We reviewed the report to determine if the San Jacinto Methodist Hospital met the audit requirements of Office of Management and Budget (OMB) Circular A-133.

Our review was limited to an examination of the audit report and related reports on compliance and internal controls. We did not examine the audit working papers nor did we evaluate the adequacy of the audit work performed. In our opinion, the San Jacinto Methodist Hospital met the audit requirements of OMB Circular A-133 for the year ended December 31, 1998.

Our review of the audit report did not include resolving or determining the actions to be taken on audit findings and questioned costs included in the report. Decisions on the resolution of these matters will be made by other representatives of the Texas Department of Health. Your auditor should address the actions you take on these findings in the "Status of Prior Year's Recommendations" section of the next report.

We have made this letter and your report available to appropriate officials in this Department.

Sincerely,

Claud Thigpen
Single Audit Coordinator
Internal Audit Division

Audit Number: 98-0273